



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Anchor BanCorp Wisconsin Inc

Person to be contacted regarding this report:	Mark Timmerman
CPP Funds Received:	\$110,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	1/30/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	727473
Holding Company Docket Number: (For Thrift Holding Companies)	H1972
FDIC Certificate Number: (For Depository Institutions)	29979
City:	Madison
State:	Wisconsin

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	AnchorBank was able to respond by significantly increasing owner-occupied, single-family mortgage loan activity during calendar 2009, as well as provide consumer credit to qualified borrowers.
---	--

<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	During calendar 2009, AnchorBank prudently underwrote, originated and sold nearly 12,000 owner-occupied, single-family mortgage loans representing approximately \$1.75 billion, as well as providing consumer credit in the form of second mortgage and HELOCs of over \$100 million.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	AnchorBank was able to purchase certain mortgage-backed agency securities which supported increased consumer lending in the national economy.
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	AnchorBank was able to comply with regulatory requests for increased reserves for non-performing assets.

<input checked="" type="checkbox"/>	Reduce borrowings	AnchorBank was able to significantly reduce Federal Home Loan Bank borrowings and other more expensive funding sources, with those savings making additional funds available for lending.
<input checked="" type="checkbox"/>	Increase charge-offs	AnchorBank was able to better withstand increased charge-offs of loans and their negative effect on equity capital of the Bank.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

Had AnchorBank not participated in the TARP and received the direct capital infusion of CPP funds, it would not have been able to fully respond to the increase in owner-occupied, single-family refinance activity noted above. Similarly, without the CPP funds bolstering its capital levels, AnchorBank would have been unable to originate additional consumer credit in the form of prudently underwritten second mortgage and Home Equity Line of Credit loans during calendar 2009. Furthermore, had AnchorBank not participated in the TARP and received the direct capital infusion of CPP funds, it would not have been able to generate income from the sale of the owner-occupied, single-family loans referenced above, which income was able to provide added support to AnchorBank's capital levels at a time which those capital levels were under significant stress as the result of increased loan loss provisions and increased charge-off activity.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

By having the CPP funds bolster AnchorBank's capital levels on January 30, 2009 allowed AnchorBank to remain a viable credit source for both consumer and residential mortgage loans, primarily in our local markets, but also indirectly on a national basis through the purchase of mortgage-backed agency securities. During this period AnchorBank's capital levels were declining as a result of significant loan loss provisions and increased charge-off activity experienced during calendar 2009. Had AnchorBank not benefited from increased capital levels as a result of the direct infusion of the CPP funds, AnchorBank would have been subject to more restrictive and punitive regulatory action which may well have prevented AnchorBank from continuing to support and participate in its core missions and competencies for the past 90 years--prudently underwritten, owner-occupied, residential mortgage lending and consumer lending. Management also believes that the funds provided by the direct infusion of the CPP funds enabled the Bank to better manage the bridge period between the origination dates and funding dates for single family loans and the subsequent dates on which those loans were funded and/or sold to the Federal National Mortgage Association and Federal National Mortgage Corporation. Furthermore, AnchorBank believes the CPP funds have allowed it to be far more responsive than would otherwise have been possible in working with troubled borrowers on a case-by-case basis where there is information to support the use of modified payment plans in order to cure delinquencies and missed payments. AnchorBank has been extremely active in troubled debt restructuring agreements with respect to all of its loan portfolios.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

A large, empty rectangular box with a thin black border, intended for a response. The box is currently blank, with no text or markings inside.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.